

5 OCT 1976

MEMORANDUM FOR: Comptroller

FROM :
Chief, Procurement Management Staff, OL

VIA : Director of Logistics

SUBJECT : OMB Circular A-109, Major Systems Acquisitions

1. By memorandum of 11 June 1976, which was forwarded through the Deputy Director for Administration, the Director of Logistics requested that your Office accept responsibility for implementation of the subject Office of Management and Budget (OMB) Circular.

2. This memorandum is written to forward a 28 September 1976 memorandum from OMB which advises of progress by various agencies toward meeting objectives of the subject directive, along with progress reports on agencies and a list of acquisition executives.

3. The memorandum referred to in paragraph 2 is directly related to the subject Circular and therefore is referred to your Office for appropriate action.

Atts

cc: DD/A, w/atts
OLC, w/atts /

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MEMO

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EXECUTIVE OFFICE OF THE PRESIDENT
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OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
PROCUREMENT POLICY

SEP 28 1976

MEMORANDUM FOR THE ATTACHED ADDRESSES

SUBJECT: OMB Circular No. A-109, Major Systems Acquisitions

On August 26, 1976, the Subcommittee on Federal Spending Practices, Efficiency and Open Government of the Senate Committee on Government Operations held hearings concerning the implementation of A-109. These hearings were very helpful in focusing attention to the many issues involved in the development of the agencies' time-phased action plans.

As we have discussed in the past, the following items may be useful as a check for the adequacy of your time-phased action plan to be submitted by October 5, 1976:

- ° Designation of acquisition executive.
- ° Definition of major systems including cost threshold(s) and other criteria for major systems.
- ° Schedule for identification and definition of mission areas and the process for gaining agency head approval of mission needs.
- ° Identification and scheduling of agency implementing policy directives, regulations, and guidelines.
- ° Scheduling of component implementing policy directives, regulations, and guidelines.
- ° Procedures for assignment of program managers and development of charters.
- ° Procedures for developing acquisition strategies.
- ° Policy regarding agency cost estimating capability.
- ° Date policies will be operative; e.g., when will all agency major systems begin with the first key decision point - approval of mission need.

- ° Training of agency personnel in new policies, procedures and improvements in skills that are required; for example, program management.

To further assist your planning efforts, I have attached a current list of acquisition executives, a summary of Agencies' Implementation Planning submitted by Mr. Witt during Senator Chiles' hearings, and a number of sample drafts of time-phased action plans and policies developed by some agencies. OFPP pamphlet #1 relating to the application of A-109, which also may assist in your planning efforts, has been sent to you under separate cover.

We would appreciate receiving copies of your directives, circulars, procedures or other issuances, which will be used to implement the Circular prior to their promulgation.

In the event you have further questions relating to your time-phased action plan, please contact Mr. William Hunter of my staff, who can be reached on 395-3367 or me on 395-4677.

Your continued cooperation is truly appreciated.

Sincerely,



Fred H. Dietrich
Assistant Administrator
for Systems Acquisition

Attachments

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EXECUTIVE OFFICE OF THE PRESIDENT

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OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
PROCUREMENT POLICY

August 26, 1976

SUMMARY OF AGENCIES' IMPLEMENTATION PLANNING

OMB Circular A-109, Major System Acquisitions

The following is a brief summary from executive agencies of current status and planned actions leading to their submission of time-phased implementation action plans by October 5, 1976.

Agriculture, Dept. of

- Identification of need is left to policy staff, including the Secretary, Under Secretary, Assistant Secretary, and Director, Agriculture Economics.
- MSA dollar threshold has been established at \$10 million or more.
- Schedule of actions in implementing A-109 is as follows:
 - a. Draft chapter to be included in Administrative Regulation. Completed
 - b. Request comments on proposed chapter insertion. Completed
 - c. Make necessary modifications and obtain approval by acquisition executive. Aug. 15
 - d. Publish plan. Sep. 1
 - e. Submit plan to OFPP. Sep. 1

Commerce, Dept. of

- Schedule of actions for supporting the implementation of the Circular:
 - a. Complete review of draft Department Administrative Orders 208-1 and 208-3 by OFPP and Department. Sep. 3
 - b. Publication and issuance of the Orders implementing A-109. Sep. 10

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- c. Formulation of draft time-phased action plan. Oct. 1
- d. Submission of time-phased action plan per A-109. Oct. 5

Defense, Dept. of

- The analysis of A-109 and previous direction given by Mr. Clements will be incorporated in a top document.
- 5000.1 and 5000.2 will be restructured to include all A-109 items and will be supported by a family of documents.
- The time-phased action plan submitted to OFPP. Aug. 26
- Finalization of 5000.1. Dec. 1
- Finalization of 5000.2. Jan. 15, 1977
- Finalization of all documents implementing A-109. March, 1977

Health, Education, & Welfare, Dept. of

- Issuance of Department policy directives, regulations, and guidelines:
 - a. Identification of proposed acquisition to be treated as major system acquisitions.
 - b. Major system acquisition planning.
 - c. Major system acquisition strategy tailoring.
 - d. Major system acquisition program managers.
 - e. Major system acquisition key decision points.
- Designation of the acquisition executive.
- These actions will be projected in a top document outlining the proposed implementation plan in terms of the functions to be served by them. Oct. 5
- Target date for completion of these actions - Apr. 5, 1977

Housing and Urban Development, Dept. of

- Task force has been organized to compare present directives to A-109 - develop plan. Completed
- Submission of time-phased action plan. Oct. 5
- Anticipate an amendment to the HUD Procurement Regulations be published. Oct. 30

Interior, Dept. of the

- Schedule of actions in implementing A-109 is as follows:
 - a. Complete preliminary draft of regulations. Sep. 1
 - b. Apointing acquisition executive. Oct. 5
 - c. Publish implementing regulations. Oct. 5
 - d. Submit time-phased action plan. Oct. 5
 - e. Begin triennial review of FY 1979 budget process. Dec. 5

Labor, Dept. of

- Tentative dollars of MSA threshold is set at \$500,000 or more.
- Formation of draft policy. Completed
- Office of the Assistant Secretary for Administration and Management approval Completed
- Department approval Sep. 7
- Submission of time-phased action plan. Oct. 5

State, Dept. of

- Draft submitted to OMB. Completed
- Departmental approval. Sep. 17
- Submittal of approved time-phased action plan. Sep. 24

Transportation, Dept. of

- A task force has been set up.
- The Assistant Secretary for Administration has been tentatively designated the acquisition executive.
- The Office of Installations and Logistics within the Department of Transportation is in the process of re-writing the DOT Order on major systems acquisitions to conform to OMB Circular A-109. The following tentative schedule applies to this process:
 - a. Initial draft completed and submitted to a committee of procurement, budget and program representatives for informal review. Completed
 - b. Office of Installations and Logistics incorporates informal review comments into a final draft. Completed
 - c. Final draft completed and distributed throughout the Department for formal comment. Sep. 1
 - d. Implementation of revised DOT Order on major systems acquisition. Oct. 1
 - e. Submission of time-phased plan to OFPP. Oct. 5

Treasury, Dept. of the

- Major system thresholds:
 - a. ADP system over \$10 million.
 - b. Construction projects over \$10 million.
- A-109 has been closely reviewed by budget, program analysis.
- Schedule of actions in implementing A-109 is as follows:

- a. Draft of Departmental directive to be circulated to appropriate top management officials. Completed
- b. Comments received, reviewed and, as needed, incorporated in revised directive. Aug. 30
- c. Directive issued throughout Treasury. Sep. 15
- d. Submission of time-phased plan to OFPP. Oct. 5

Energy Research and Development Administration

- Task force set up and two subgroups formed:
 - a. One group represents planning, budgeting, analysis and other functional offices. They are developing guidance in support of paragraphs 10, 13 and 14 of A-109.
 - b. Other group represents fossil and nuclear energy and other technical groups.
- The object of subgroups is to submit a plan to the task force. Completed
- Task force will develop time-phased action plan by mid-September and final plan to be submitted to OFPP. Oct. 5

Environmental Protection Agency

- Formation of task force to establish policy. Completed
- Draft of time-phased action plan. Oct. 1
- Time-phased action plan submitted to OFPP. Oct. 5

General Services Administration

- Establish office responsible for preparation of A-109 plan and its implementation. Completed
- Establish GSA system acquisition committee to participate in developing plan. Sep. 8
- Draft the GSA A-109 plan. Sep. 24
- Complete final form of plan and submit to OFPP. Oct. 5

National Aeronautics and Space Administration

- A committee was organized.
- Currently comparing A-109 to existing documents and a matrix has been developed.
- NASA intends to develop a top document by extracting from existing procedures.
- The production phase of the acquisition process is not a problem at NASA.
- The time-phased action plan will be submitted. Oct. 5
- Provisions of subordinate NASA issuances referenced and involved in a top policy document planned to be completed. Dec. 31

National Science Foundation

- Draft implementing circular to be completed. Aug. 31
- Comments will be received. Sep. 10
- Time-phased action plan to be submitted. Oct. 5

Veterans Administration

- The Assistant Administrator for Planning and Evaluation has been designated the acquisition executive.
- Schedule of actions supporting the implementation of the Circular:
 - a. All directives relevant to major system acquisitions and proposed changes in implementing A-109 will be submitted by the committee to the acquisition executive. Aug. 16
 - b. Each member of the committee is to submit a draft of goals and changes to implement the time-phased plan. Aug. 30
 - c. Committee to commence drafting an agency time-phased plan. Sep. 6
 - d. Final plan to be submitted to OFPP. Oct. 5

DEPARTMENT OF DEFENSE
DEFENSE SYSTEMS ACQUISITION PROCESS
Plan to Implement OMB Circular A-109

I. General

This DoD Plan is in response to OMB Circular A-109, 5 April 1976 and is directed to all DoD activities for implementation. The Defense Acquisition Executive is the OSD official responsible for implementation.

II. Purpose

The Plan outlines the key actions scheduled to complete the implementation of OMB Circular A-109, dealing with major system acquisition. The Plan does not identify the many internal actions required of the DoD Components to implement the procedural changes that will result from the policy announced by the Circular.

III. General Approach

A revision to DoD Directive 5000.1 "Acquisition of Major Defense Systems," will be issued to establish the fundamental policy applicable to the acquisition of major systems. In addition a DoD Instruction 5000.2, "Defense System Acquisition Process," will be issued to supplement DoD Directive 5000.1 with further policies and procedural details covering the system acquisition decision process and the management interface involving the SecDef and the DoD Component Heads. DoD Directive 5000.1 and DoD Instruction 5000.2 will implement the policy contained in OMB Circular A-109 and form the basis for related actions by the OSD Staff, the JCS and the DoD Components to issue the necessary policy and procedural documents to implement the new policy throughout the operating activities. Policy execution will be monitored and individual systems programs will be examined for conformance to policy.

IV. Schedule of Key Actions Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3

The following key actions are scheduled to complete the implementation of the OMB Circular.

A. Designation of Defense Acquisition Executive 17 May 1976

Issue charter by DoD Directive 1 Sept 1976

The Defense Acquisition Executive will have the responsibility to implement OMB Circular A-109, to maintain liaison with OFPP on all policy matters involving major system acquisition and to work with the DoD Component Heads in the implementation of changes to the acquisition process.

B. SecDef approval of a plan to structure the front end of the acquisition process to start new programs on approval of mission needs. 17 May 1976

The plan to structure the front end established the four key program decisions to be exercised by the SecDef, and the initiation of new system acquisition programs upon SecDef approval of mission needs and approval to investigate alternative design concepts to meet the mission needs.

C. SecDef approval of a plan to decentralize selected system program reviews to DoD Component Heads. 17 May 1976

Places increased management responsibility with the DoD Component Heads but does not alter the decision-making role of the SecDef.

D. DoD Directive 5000.1, "Acquisition of Major Defense Systems." 1 Dec 1976

A revision of DoD Directive 5000.1 will be issued to implement the fundamental policy contained in OMB Circular A-109. The Directive will state broad DoD policy for major system acquisitions and will form the

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basis for action by the OSD Staff, the JCS and the DoD Components to implement the changes throughout the DoD operating activities. This Directive will be the principal policy document dealing with major system acquisition in DoD and will be the responsibility of the Defense Acquisition Executive in OSD.

E. DoD Instruction 5000.2, "Defense System Acquisition Process."

15 Jan 1977

DoD Instruction 5000.2 will be issued to supplement DoD Directive 5000.1. This Instruction will be a revision of DoD Instruction 5000.2, "The DCP and DSARC Process," to cover the acquisition process in detail starting with the SecDef decision approving a mission need and the subsequent decisions and activity through the complete system acquisition cycle. The Defense Acquisition Executive is responsible for this Instruction in OSD.

F. DoD Policy Documents to be Revised -- The following documents relate to functional activities involved in the system acquisition process and will be revised as necessary to conform to the policy and procedural changes contained in DoD Directive 5000.1 and DoD Instruction 5000.2 as issued.

1. DoD Directive 5000.3, "Test and Evaluation" 15 Jan 1977
2. DoD Directive 5000.4, "Cost Analysis Improvement Group" 15 Jan 1977
3. DoD Directive 7000.1, "Resource Management Systems of the DoD" 1 Mar 1977
4. DoD Instruction 7045.7, "Planning, Programming and Budgeting System" 1 Mar 1977
5. DoD Instruction 7110.1 (DoD Manual 7110.1M), "Guidance for the Preparation of Budget"

Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3

Estimates, Budget Execution Programs and
Apportionment Request and Related Support
Materials"

1 Mar 1977

6. DoD Directive 4105.62, "Source Selection"

15 Jan 1977

7. ASPR

1 Mar 1977

G. Component documentation _____

H. Component command documentation _____

I. ORIENTATION AND TRAINING
PLAN _____

J. APPLICATION OF POLICIES
TO NEW START PROGRAMS _____

Department of Defense Directive

SUBJECT Defense Acquisition Executive

Refs: (a) Office of Management and Budget Circular A-109, "Major System Acquisition," April 5, 1976
 (b) DoD Directive 5000.1, "Acquisition of Major Defense Systems,"
 (c) DoD Directive 5000.19, "Policies for the Management and Control of Information Requirements," March 12, 1976

I. GENERAL

Pursuant to the authority vested in the Secretary of Defense and as directed by the provisions of Paragraph 8A of reference (a), the Defense Acquisition Executive shall have the responsibilities, functions, and authorities as prescribed herein.

II. RESPONSIBILITIES

- A. The Defense Acquisition Executive is the principal advisor and staff assistant to the Secretary of Defense for the acquisition of defense systems and equipment.
- B. The individual who will serve as the Defense Acquisition Executive during any given time period will be so designated by the Secretary of Defense.

III. FUNCTIONS

Under the direction, authority, and control of the Secretary of Defense, and in coordination with the functional Assistant Secretaries of Defense, the Defense Acquisition Executive shall perform the following functions:

- A. Integrate and unify the management process, policies, and procedures for defense system acquisition.
- B. Monitor the implementation of the policies and practices in the Circular A-109, reference (a), and in the system acquisition policies of the Secretary of Defense.

conceptual, development, production, and operation phases of the acquisition of defense systems.

- Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3
- D. Coordinate acquisition investment planning with the Defense Planning and Programming Guidance (DPPG), the Planning and Programming Guidance Memorandum (PPGM), and the Planning, Programming, Budgeting System (PPBS).
 - E. Serve as the permanent Chairman of the Defense Systems Acquisition Review Council (DSARC), reference (b).
 - F. Strengthen the basis for the Secretary of Defense's decisions at the four key acquisition milestones by assuring that the requirements and viewpoints of all functional areas involved in major system acquisition are given full consideration during DSARC deliberations and are properly integrated in the DSARC recommendations sent to the Secretary.
 - G. Approve/disapprove, after consultation with the other DSARC members, the format and content of individual Decision Coordinating Papers (DCP).
 - H. Advise SecDef on the timing of program manager assignment, on the adequacy of the program management structure, and on the quality of the program management achieved.
 - I. Perform such other duties as the Secretary of Defense may assign.

IV. RELATIONSHIPS

In the performance of his functions, the Defense-Acquisition Executive shall:

- A. Coordinate the actions of the various OSD offices as they carry out their assigned responsibilities in major Weapon System Acquisition.
- B. Coordinate actions, as appropriate, with the military departments and other Department of Defense agencies having collateral or related functions in the field of his assigned responsibility.
- C. Maintain active liaison for the exchange of information and advice with the military departments and other Department of Defense agencies.
- D. Consult with the Joint Chiefs of Staff on the interaction of system acquisition with operational strategy.
- E. Maintain active liaison with the Office of Federal Procurement Policy in matters concerning system acquisition policy.

research and development, system design, procurement, logistic, and environmental services agencies outside the Department of Defense, including private business entities, educational or research institutions, or other agencies of government.

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V. AUTHORITIES

The Defense Acquisition Executive, in the course of exercising the staff functions in his assigned field, including those enumerated in Section III above, is hereby specifically delegated authority to:

- A. Issue instructions and one-time directive-type memoranda, in writing, appropriate to carrying out policies approved by the Secretary of Defense for his assigned fields of responsibilities in accordance with DoD Directive 5025.1, subject: DoD Directives System, March 7, 1961. Such instructions and memoranda to the military departments will be issued through the Secretaries of those departments or their designees.
- B. Consistent with the requirements of reference (c), obtain such reports and information from the military departments and other Department of Defense agencies as may be necessary to the performance of his assigned functions.

VI. EFFECTIVE DATE

This Directive is effective immediately.

H. P. Clement
Deputy Secretary of Defense

107 107 A
National Aeronautics and
Space Administration

Washington, D.C.
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Office of the Administrator

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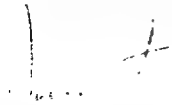
SEP 20 1976

Honorable Hugh E. Witt
Administrator
Office of Federal Procurement Policy
Office of Management and Budget
Executive Office of the President
Washington, DC 20503

Dear Hugh:

Enclosed is the time-phased plan for assuring full implementation of OMB Circular A-109, Major System Acquisition policies, in NASA by January 31, 1977. We will keep your staff apprised of our progress. Either I, Dr. Lovelace, or Dr. Williams, the Chairman of the NASA A-109 Implementation Committee, will be glad to discuss any part of our implementation effort with you.

Sincerely,



James C. Fletcher
Administrator

Enclosure

INTRODUCTION

The position taken by NASA on major system acquisition recommendations C-1 through C-12 of the Commission on Government Procurement was that we were in full agreement with the objectives of the recommendations and that the program management principles prescribed therein closely parallel the NASA acquisition and decision-making process which exists in the Agency. Except for the formal structuring of the key decision-making framework and associated reaffirmation of requirements at certain program milestones, NASA implementation of Circular A-109 is essentially one of tailoring Agency policy documents and operating instructions to the Major System Acquisition terminology used in A-109.

IMPLEMENTATION APPROACH

In April, we established an implementation committee to specifically plan and coordinate implementation of the Major System Acquisitions Circular within NASA. The Committee is chaired by Dr. Walter C. Williams, NASA's Chief Engineer, and is composed of members selected from program and staff offices; particularly those which are directly involved in the acquisition and funding of major systems (see Action Items 2 and 3 of the Action Plan which follows). The Committee is responsible for:

- a. Developing, by October 5, a time-phased plan for circular implementation within NASA in coordination with the Office of Federal Procurement Policy (Action Item 5).
- b. Making an assessment of existing NASA acquisition procedures and practices (Action Item 4) and developing new or revised NASA policies and regulations necessary to conform decision making, operating practices, and budget formulation to the requirements of Circular A-109 and associated provisions of OMB Circulars A-10 and A-11 (Action Item 6).

Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3

c. Defining "major system" as it will be applied in NASA (Action Item 6a).

d. Defining the roles and responsibilities of the NASA Acquisition Executive (Action Item 6g).

The Committee has completed its initial review of all NASA policy and management issuances having bearing on Agency project planning, budgeting, and the acquisition process (Action Item 4). A matrix has been drafted specifically identifying the individual requirements of Circular A-109 with like or similar coverage wherever it may exist in the NASA issuance system. On the basis of our preliminary assessment, we have started preparing a top policy document which will, among other things, prescribe the overall NASA policy for major system acquisitions; including the role and function of the acquisition executive, key decision process, and the formal mission-need relationship (Action Item 6).

The NASA Acquisition Executive will be formally designated when the functions and responsibilities of the position have been agreed upon and documented in the major system acquisition policy directive and operating guidelines (Action Item 8).

As appropriate, related provisions of subordinate NASA issuances will be referenced and invoked in the top policy document. NASA Headquarters officials responsible for the various directives will make changes or publish new issuances as determined to be necessary to the full implementation of the circular (Action Item 9). We intend to have this effort completed by December 31, 1976.

To the extent that we find it necessary, we intend, during the month of January 1977, to conduct briefings and orientation meetings with NASA program, project, field center and headquarters staff office officials to formally establish the Circular A-109 Major System Acquisitions procedure as a functioning Agency policy (Action Item 10).

Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3

We anticipate no major difficulties in implementing Circular A-109, however, there may be time-phasing problems until updated A-10 and A-11 procedures are put into practice as a part of the FY 79 budget process. Any such problems should not, however, affect the implementation of the mission-need/key decision policies of A-109 which we now see as being applicable to any new acquisitions after February 1, 1977 (Action Item 11).

Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3

NASA
Time-Phased Action Plan

| <u>Action Item</u> | <u>Time-Phasing</u> |
|--|----------------------------------|
| 1. Receipt of OMB Circular A-109 | April 6, 1976 |
| 2. Appointment of Implementation Committee Chairman | April 28, 1976 |
| 3. Designation of Implementation Committee Membership | May 11, 1976 |
| 4. Assessment of A-109 Policies vs. NASA Published Policies and Instructions and Operating Practices | May 20 - October 31, 1976 |
| 5. Submission of Time-Phased Action Plan to OFPP | October 5, 1976 |
| 6. Development, Staffing and Publication of New NASA Major Acquisition Policy Directive, to include: | October 1 - December 31, 1976 |
| a. Statement of NASA acquisition policy | |
| b. Agency mission-mission analysis procedure and communications framework | |
| c. Relationship of policy directive to other NASA and OMB issuances | |
| d. Acquisition management and key-decision making process | |
| e. Definition of major NASA system | |
| f. General acquisition strategy for major systems | |
| g. Responsibilities and functions of the NASA Acquisition Executive | |
| h. Program management responsibilities in relation to major acquisition policy | |
| i. Budgeting and financing policy leading to and in support of major acquisitions | |
| 7. Revision of Related Subordinate NASA Issuances Affected by Top Policy Document | October 1 - December 31, 1976 |

Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3

Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3

| <u>Action Item</u> | <u>Time-Phasing</u> |
|--|---------------------|
| 8. Formal designation of NASA Acquisition Executive | October 31, 1976 |
| 9. Submission of New or Revised NASA Major System Acquisition Issuances to OMB | January 15, 1977 |
| 10. Orientation of NASA Acquisition Managers | January 1-31, 1977 |
| 11. Application of A-109 Major System Acquisition Policy to New Start Programs | February 1, 1977 |

Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3

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ROUTING AND RECORD SHEET

Len om B

SUBJECT: (Optional)

OMB Circular A-109, Major Systems Acquisitions

OLC#76-2863

FROM:

Chief, Procurement
Management Staff, OL
2G31 Page Building

EXTENSION

NO.

OL 6 4953

DATE

5 October 1976

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

- Office of Legislative Counsel
7D35 Headquarters Building
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DEPARTMENT
ADMINISTRATIVE
ORDER SERIES

SUBJECT

MAJOR SYSTEM ACQUISITIONS IN THE DEPARTMENT OF COMMERCE

SECTION 1. PURPOSE.

This order prescribes the procedure and assigns the responsibilities for implementing the provisions of Office of Management and Budget (OMB) Circular A-109, "Major System Acquisitions", within the Department of Commerce.

SECTION 2. SCOPE.

The provisions of this order apply Departmentwide to the acquisition of a "major system" which, for purposes of this order, is a system being acquired to satisfy a mission need of the Department, and:

- Whose estimated cumulative cost in current year dollars will equal \$10,000,000 or more during its Research, Development, Test, and Evaluation (RDT&E) phases; or
- Whose estimated cumulative cost in current year dollars will equal \$30,000,000 or more during its production (procurement) phases; or
- Which the Secretary has determined is of critical importance to the successful completion of the Department's mission; or
- Which warrants special management attention; or
- Which the head of an operating unit has recommended to be so designated (and the Secretary has concurred) because the system is technologically advanced; or
- Which the head of an operating unit has recommended be so designated (and the Secretary has concurred) because there is a high degree of cost and program management uncertainty concerning the system.

SECTION 3. DEFINITIONS.

The definitions provided in Section 5 of OMB Circular A-109 (attached as Appendix B) shall apply to this order.

SECTION 4. RESPONSIBILITIES.

- .01 The Secretary of Commerce reserves to himself the decisionmaking

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Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3

authority at four key points in the "system acquisition process" to include the:

- Verification of mission need identified by operating unit;
- Decision to explore alternative system design concepts for competitive demonstrations;
- Decision to commit system(s) to full-scale development and limited production; and
- Decision to commit system(s) to full production.

.02 The Assistant Secretary for Administration (the "Assistant Secretary") a. Is hereby designated as the Department's "Acquisition Executive" and as such he shall integrate and unify the management process for the Department's major system acquisitions and monitor the Departmentwide implementation of the policies and practices set forth in OMB Circular A-109.

b. The Assistant Secretary, in consultation with other Department officials, shall provide the Secretary with information and recommendations to support him in reaching his decisions at the key points referred to in paragraph 4.01 of this order.

c. The Assistant Secretary shall prescribe the procedure, to be attached as Appendix A to this order, to be used Departmentwide in the acquisition of a major system.

.03 Heads of Operating Units, with authority to redesignate, are hereby designated to serve as "Program Managers" for a major system which may be acquired to satisfy a mission need of their operating unit.

Secretary of Commerce

Office of Primary Interest

Office of Organization and Management Systems



Department
of the Treasury Directives Manual

Transmittal Number Date:

SUBJECT: **Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3**

Major Systems Acquisitions

1. PURPOSE. This directive establishes Treasury policies for the acquisition of "major systems". It implements and supplements Office of Management and Budget Circular No. A-109, which shall be complied with by all bureaus of the Department of the Treasury.
2. SCOPE. The provisions of this directive apply to the Office of the Secretary and all bureaus of the Department of the Treasury.
3. REFERENCE. OMB Circular No. A-109, "Major Systems Acquisitions", dated April 5, 1976.
4. BACKGROUND. As described in the background paragraph of OMB Circular No. A-109, the Commission on Government Procurement recommended basic changes to improve the process of acquiring major systems; the OMB Circular provides Government-wide policies for such acquisitions and addresses the full scope of the systems acquisition process, emphasizing the "front-end" portion of the process, viz. research, development, mission objectives, etc. This circular is intended to complement the policies contained in OMB Circulars A-10 (Responsibilities with respect to the budget), A-11 (Preparation and submission of budget estimates), and A-76 (Policies for acquiring commercial or industrial products and services for Government use). The processes described in this directive integrated with the existing procedure for Departmental review of budget under the Treasury Financial Resource Management System. It is not anticipated that a new system be established, but only expansion of the existing system.
5. DEFINITIONS. Major systems: In addition to the considerations described in paragraph 5.h of OMB Circular A-109, "major systems" for Department of the Treasury acquisition programs are defined to consist of: major automated data processing equipment systems having a purchase price or a systems life lease price (excluding maintenance) in excess of \$10,000,000, real property purchase or lease in excess of \$1 million over a three year period, and construction projects in excess of \$10,000,000. Such major system acquisition programs are those that are directed at and critical to fulfilling Treasury's missions, entail the allocation of relatively large resources as described above, or warrants special management attention by the Secretary.
6. POLICY. Policy requirements of OMB Circular No. A-109 will be complied with by Heads of Treasury bureaus in reviewing and approving major system acquisitions. Communications with the Congress and the Office of Management and Budget will be processed through the Department.

7. MANAGEMENT STRUCTURE.

- a. In order to comply with the requirements of OMB Circular No. A-109, paragraph 8.A, the Assistant Secretary (Administration) is designated as the Department's "Acquisition Executive" to integrate and unify the management process for the Treasury bureaus' major systems acquisition and to monitor implementation of policies and practices set forth in OMB Circular A-109 and this directive. The Acquisition Executive will be assisted by the following officials or their designees:
- (1) Director, Office of Budget and Program Analysis;
 - (2) Assistant Director (Procurement and Personal Property Management), Office of Administrative Programs;
 - (3) Representative(s) of the Assistant Secretary supervising the particular bureau (when applicable);
 - (4) Director, Office of Computer Science (when system is automated data processing equipment);
 - (5) Assistant Director (Real Property Management), Office of Administrative Programs (when major system is acquisition of real estate or major construction project); and
 - (6) Representatives from other Departmental staff offices, as determined on a case-by-case basis and as necessary to provide requisite technical review of system acquisition plan.
- b. Each bureau head, upon the identification of a major systems acquisition program, will designate a senior program manager from his staff to fulfill the requirements of OMB Circular No. A-109 paragraph 8.D and to provide necessary interface with the Departmental staff offices.

8. DECISION PROCESS. Technical and program decisions will normally be made by heads of Treasury Bureaus, except for the following which will be made by the Secretary or Deputy Secretary:

- a. Identification and definition of specific mission needed to be fulfilled, relative priority assigned within the Department of the Treasury and the general magnitude of resources that may be invested.

- b. Selection of competitive system design concepts to be advanced to a test or demonstration phase or authorization to proceed with the development of a noncompetitive (single concept) system.
 - c. Commitment of a system to full-scale development and limited production.
 - d. Commitment of a system to full production.
9. IMPLEMENTATION. Bureau heads shall develop implementation directives to supplement OMB Circular A-109 and this directive to the extent necessary to assure sufficient compliance with the policy included therein. A draft of each implementing bureau directive will be forwarded to the Assistant Secretary (Administration) for review and approval.
10. PROCEDURES. Bureau heads shall forward to the Assistant Secretary (Administration) major systems acquisition projects for review and approval. Submissions shall be accompanied by sufficient justification to permit appropriate analysis required by OMB Circular A-109. The need for a new major system is to be defined in terms of the mission, purpose, capability, schedule, and cost objectives and operating constraints of the Treasury bureau. Submission shall include information to describe the alternative system design concepts that have been or can be explored within the context of the bureau's mission need and program objectives. Bureaus are to comply with the requirements of OMB Circular No. A-109 pertaining to consideration of alternative systems. The Acquisition Executive will, on a case-by-case basis, determine the extent of Departmental involvement in the selection process for design concept proposals to fulfill the requirements of the OMB Circular.
11. BUDGETING AND FINANCE.
- a. Special attention is directed to paragraph 14 of OMB Circular No. A-109, advising that all agencies, and their component bureaus, will as a part of the budget process present budgets in terms of agency missions beginning with the FY 1979 request.
 - b. The policies of this directive and OMB Circular A-109 will be correlated with the Treasury Financial Resource Management System (TD-30-04,A) which is the Departmental system for preparation and review of the long range plan submissions of Treasury bureaus.
12. OFFICE OF PRIMARY RESPONSIBILITY. Office of Budget and Program Analysis, Office of the Assistant Secretary (Administration).

Warren F. Brecht
Assistant Secretary (Administration)

NOT APPROVED

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PRELIMINARY UNCOORDINATED DRAFT

EPA

1. PURPOSE. This manual provided Agency implementation of OMB Circular No. A-109, dated April 5, 1976.

2. APPLICABILITY. The provisions of OMB Circular No. A-109 (hereafter referred to as "the Circular") are applicable to management of the acquisition of all major systems for the Agency.

3. DEFINITIONS.

a. Agency component, as defined in paragraph 5.a of the Circular, is hereby construed to be the Offices of Air and Waste Management, Research and Development, Water and Hazardous Materials, and Planning and Management.

b. Major system, as defined in paragraph 5.h. of the Circular, is hereby further defined as (a) any procurement action in excess of \$10 million total value, or (b) any procurement so designated by the Administrator, Deputy Administrator, any one of the Assistant Administrators, or any one of the Regional Administrators.

c. Program Manager. That individual meeting the qualifications of paragraph 8.d. of the Circular and receiving the written charter to manage acquisition of a major system as prescribed in paragraph 8.^e/₃ of the Circular.

4. DELEGATIONS. Pursuant to paragraph 8.a of the Circular, the Assistant Administrator for Planning and Management is hereby

designated as the acquisition executive for the Agency.

Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3

5. DUTIES AND RESPONSIBILITIES.

a. Administrator.

- Ensure that the provisions of the Circular, as implemented by this Manual, are fully complied with.

- Provide approval at the key decision points in the evolution of each acquisition program as specified in paragraph 9 of the Circular.

- Designate the "acquisition executive" for the Agency.

b. Deputy Administrator.

- Establish and maintain clear lines of authority, responsibility and accountability for management of major system acquisition programs. Abolish and preclude management layering and the placing of excessive reporting requirements on program managers and contractors.

- Where more than one Agency component is involved in the acquisition of a major system, the Deputy Administrator will determine and assign the roles and responsibilities of each component.

c. Acquisition Executive.

- Ensure that each major system fulfills a mission need.

- *Ensure that needs are expressed in mission terms and not equipment terms.*

- Ensure appropriate trade-off among investment costs, ownership costs, schedules and performance characteristics.

- Approve program manager designations.

- Compliance with paragraph 15.b. of the Circular.

- *To integrate and unify the management process and to*

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Monitor implementation of the Circular, sent for the Circular.

d. Component Heads.

Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3

Nominate to the acquisition executive a program manager for each major system acquisition program and issue a written charter of his authority, responsibility and accountability for accomplishing approved program objectives. The program manager nominated must meet the qualification criteria in paragraph 8.d. of the Circular and is subject to approval by the acquisition executive.

e. Deputy Assistant Administrator for Resources Management.

- Early in the system acquisition process communicate to Congress the relationship of major system acquisition programs to Agency mission needs. This communication should follow the requirements of OMB Circular A-10.

- Assure compliance with OMB Circular No. A-76 where applicable.

- Implement and accomplish system acquisition planning built on an analysis of Agency missions.

- Compliance with paragraph 15. a. of the Circular.

f. Program Manager.

- Express ~~needs and~~ program objectives in mission terms and not equipment terms.

- Place emphasis on the initial activities of the system acquisition process to allow and encourage innovation and competition

in creating, exploring and developing alternative system design
Approved For Release 2004/10/27 : CIA-RDP78M02660R000800020015-3
concepts to meet needs and achieve objectives.

- Ensure that each major system operates effectively in its intended environment and demonstrates an acceptable level of performance and reliability.

- Provide strong checks and balances by ensuring adequate system test and evaluation.

- Tailor an acquisition strategy for each major system to be acquired and refine the strategy as the program proceeds. The business management, procurement and contracting portions of the acquisition strategy will be acquired from or approved by the Contracts Management Division.

g. Director, Contracts Management Division.

- Provide to the program manager the business management, procurement and contracting portions of the acquisition strategy or approve that developed by the program manager.

- Provide to the program manager contract placement and procurement management support and necessary procurement training.

- Compliance with paragraphs 17.a., b., and c.

6. EFFECTIVE DATE. The provisions of this Chapter 1 are effective immediately.

PROPOSED

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OFPP

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